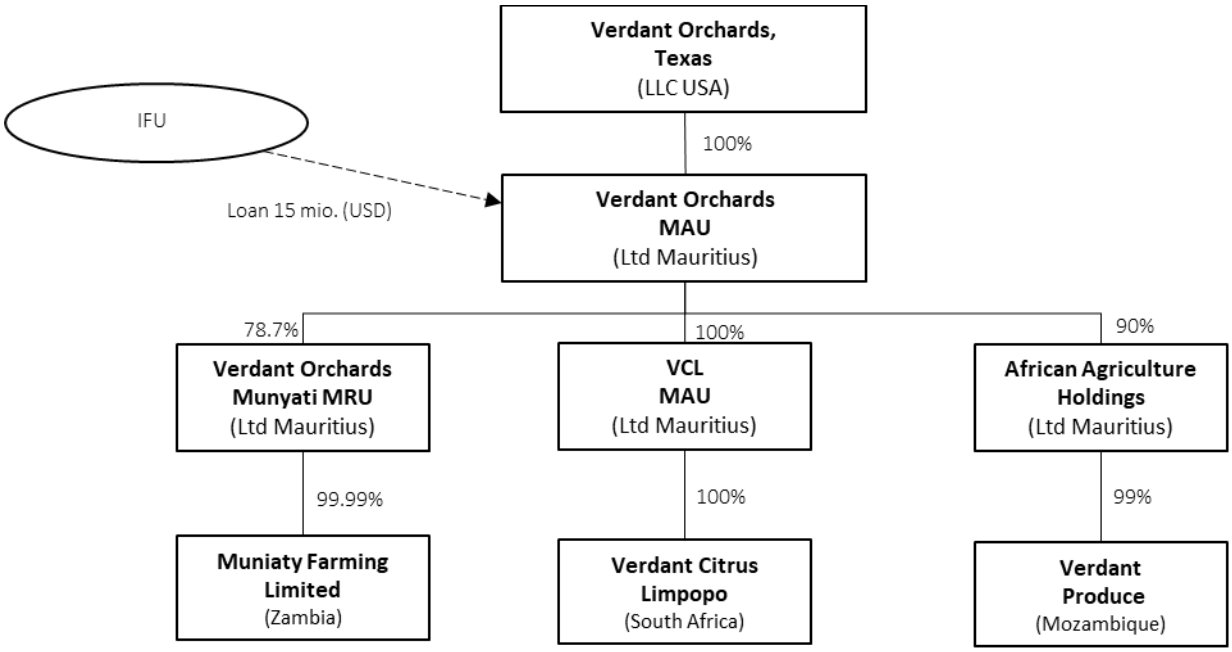
Tax policy compliance statement for Verdant Orchards Mauritius

1. The contemplated investment structure



IFU will be providing finance to Verdant Orchards operating and owning several African fruit farms, by means of a loan to a Mauritius based investment platform holding fruit farms in Zambia, South Africa, and Mozambique. The local African companies and the Mauritian holding companies are all informed to be taxable entities subject to local corporate income tax.

2. Compliance with IFU's tax policy

The investment structure has been subject to due diligence and based on the facts and circumstances made available, TaxRoom is of the opinion that the investment structure complies with IFU's tax policy for the following main reasons:

- The local operative African companies are taxable entities subject to corporate income tax where the activities are performed.
- The Mauritian holding companies are taxable entities subject to corporate income tax in Mauritius.
- The Mauritian two-tier holding company structure is established for robust commercial reasons like (i) having access to administrative and banking infrastructure, (ii) facilitating co—ownership structures with the local operators of the farms, (iii) being comfortable with the legal framework applying in Mauritius, and (iv) having one access point to all the African operating entities.
- No key commercial activities are being performed in Mauritius but the Mauritius holding companies are not accommodating inappropriate tax benefits.
- The mere holding activities are not expected to trigger taxation in Mauritius but that is in line with international and European taxation standards (participation exemption regimes).
- Verdant Orchards has accepted that the Mauritius holding companies are only allowed to take tax treaty benefits if supported by a local reputable tax advisor from the withholding tax suffering nation confirming compliance with local law and OECD BEPS guidelines.
- None of the African companies are deducting net interest expenses above OECD BEPS guidelines and Verdant Orchards has signed up to keeping in this way.
- Verdant Orchards has established a transfer pricing policy confirming that inter group transactions shall be carried out on arm's length terms and has signed up to having prepared transfer pricing documentation based on local law and OECD BEPS principles.
- Verdant Orchards has signed up to IFU's tax policy.
- Mauritius is not listed on EU's blacklist for non-cooperative jurisdictions in tax matters as per 22 May 2024, and is on OECD's Global Forum Exchange of Information for Tax Purpose ranking listed to be compliant.

3. Disclosure, cf. EU Directive 2018/822/EU

The contemplated debt investment into a Mauritian holding company should not be subject to disclosure under the EU DAC6 Directive as the listed hallmarks for disclosing are not viewed to be met.

TaxRoom P/S, 22 May 2024

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